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Message Text

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15
ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 NIC-01 SAJ-01 NSCE-00 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11

FEA-02 FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08

TRSE-00 CU-04 IO-14 PA-04 USIA-15 PRS-01 DOTE-00

AGR-20 DRC-01 /228 W
---------- 117854
R 280545Z MAR 74
FM USLO PEKING
TO SECSTATE WASHDC 1570
INFO AMCONSUL HONG KONG
AMEMBASSY BUCHAREST

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E.O. 11652: N/A
TAGS: ETRD, CH, RO
SUBJECT: SINO-ROMANIAN TRADE

1. IN DISCUSSION WITH USLO COMMERCIAL/ECONOMIC OFFICERS, THE ROMANIAN COMMERCIAL COUNSELOR IN PEKING, LEONIN VASILESCU, MADE THE FOLLOWING COMMENTS ON SINO-ROMANIAN TRADE.

2. TRADE TURNOVER IN 1973 (E.E. CONTRACTS SIGNED UNDER THE ANNUAL OVERALL TRADE AGREEMENT) TOTALLED US DOLS 220 MILLION. ACTUAL TIME OF DELIVERY IS NOT IMPORTANT ACCORDING TO THE ROMANIAN WAY OF CALCULATION; CONTRACTS ARE BALANCED AND THEREFORE DELIVERIES WILL ULTIMATELY BALANCE. CONTRACTS UNDER THE AGREEMENT ARE EXPECTED TO BE 10-15 PERCENT HIGHER THAN 1973; WHICH IS SLIGHTLY LOWER THAN THE 15-20 PERCENT RATE OF INCREASES ACHIEVED IN THE PAST FEW YEARS. BEGINNING IN 1974, ALL GOODS EXCHANGED UNDER THE AGREEMENT ARE BASED ON INTERNATIONAL PRICE LEVELS. (THIS
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WOULD IMPLY, WE NOTE, A CERTAIN UNDER-VALUATION OF TRADE IN

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PAST YEARS.) IN THE ANNUAL AGREEMENTS AND IN CONTRACTS, ROMANIA'S EXPORTS ARE DEONOMINATED IN LEI AND CHINESE EXPORTS IN RMB. IN 1973 THERE WAS A VERY SMALL AMOUNT OF TRADE OUTSIDE THE AGREEMENT (ABOUT DOLS 40,000) THAT WAS EXCHANGED FOR CASH.

3. ROMANIAN EXPORTS TO THE PRC INCLUDE OIL DRILLING RIGS FOR ONSHORE USE (ABOUT 30 WERE SOLD LAST YEAR WITH DRILLING DEPTH CAPACITY OF 1,000 TO 10,000 METERS); MEDIUM SIZED DIESEL ELECTRIC LOCOMOTIVES (2,300 HP); RAILWAY TANK CARS; TRUCKS (ABOUT 3 TO 4 THOUSAND EACH YEAR); A NUMBER OF SMALL (5,000 TON RANGE) FREIGHTERS AND TANKERS; STEELPLATE; UREA AND OTHER FERTILIZERS (ABOUT 350,000 TONS -- WE ASSUME GROSS WEIGHT -- IN 1973). IMPORTS FROM THE PRC INCLUDE TEXTILES (MOST IMPORTANT); FOODSTUFFS INCLUDING RICE (40,000 TONS LAST YEAR) AND SOYBEANS; OTHER CONSUMER GOODS, AND NON-FERROUS METALS (WOLFRAM, ANTIMONY, ETC.).

4. ASKED FOR HIS VIEWS ON CHINESE PETROLEUM DEVELOPMENT, VASILESCU SAID THE ROMANIANS DO NOT HAVE ANY ESTIMATE OF CHINA'S RESERVES BUT BELIEVE THEY ARE ENORMOUS, BOTH ONSHORE AND OFFSHORE IN THE PO HAI GULF. THE CHINESE, HE SAID, ARE VERY INTENSIVELY ENGAGED IN EXPLORATION AND IN ENLARGING OUTPUT, FOR THEY SEE PETROLEUM AS AN IMPORTANT AND NECESSARY EXPORT EARNER. ON THE MATTER OF POSSIBLE COOPERATION WITH FOREIGN COMPANIES, HE BELIEVES THE CHINESE ARE MOVING IN A PRAGMATIC DIRECTION AND, NOTWITHSTANDING PRESENT ASSERTIONS TO THE CONTRARY, WILL EVENTUALLY ACCEPT SOME "MODERN FORM" OF JOINT ENDEAVOR. HE EVEN SPECULATED THAT IT MIGHT BE POSSIBLE FOR ROMANIA AND THE US, WHICH ARE NOW COOPERATING IN THE BLACK SEA, TO WORK OUT A JOINT DEAL WITH THE CHINESE ON PETROLEUM DEVELOPMENT.
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